

**DEPARTMENT OF TRANSPORTATION  
STATE OF GEORGIA**

**SPECIAL PROVISION**

**Section 104 – Scope of Work**

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*Delete Subsection 104.08 and substitute the following:*

**104.08 Value Engineering Proposals**

**A. Applicability**

This Section applies to those cost reduction proposals initiated and developed by the Contractor for changing the Plans, Specifications, or other requirements of the Contract. These provisions do not apply unless the proposal submitted by the Contractor is specifically identified as being presented as a Value Engineering Proposal (VEP) and the Contract amount is in excess of \$50,000.

The cost-reduction Proposals contemplated are those discretionary changes which would require a Supplemental Agreement modifying the Contract and would produce a savings to the Department by providing less costly items or methods than those specified in the Contract without impairing essential functions and characteristics including, but not limited to: service life, reliability, economy of operations, ease of maintenance, and safety, both during and after construction. Proposals must provide a product comparable to the original design at a lower cost or improved quality, or both. No proposals will be accepted that lower the quality of the project.

These provisions are applicable to the prime Contract and include all subcontracts.

**B. Documentation**

Value Engineering Proposals (VEP) will be processed in the same manner as prescribed for any other alterations of the Contract requiring a Supplemental Agreement.

As a minimum, the following information shall be submitted by the Contractor with each Value Engineering Proposal:

1. A description of the difference between the existing Contract requirement and the proposed change and the comparative advantages and disadvantages of each.
2. An itemization of the requirements of the Contract which must be changed and a recommendation of how to make such change (e.g., a suggested revision).
3. A detailed estimate of the cost of performing the work under the Contract and under the proposed change.
4. A prediction of any effects the proposed changes would have on other costs to the Department, including cost of related items and costs of maintenance and operation.
5. A statement of the time showing the last date by which an agreement for adoption of the proposed changes must be executed in order to obtain the maximum cost reduction during the remainder of the Contract, noting any effect on the Contract completion time or delivery schedule.
6. The dates of any previous or concurrent submissions of the Proposal, the Contract number(s) under which submitted, and the outcome or the result of the proposal in previous projects and any previous actions by the Department, if known.
7. A life-cycle cost analysis.

NOTE: If a VEP is similar to a change in the Plans or Specifications for the Project that is under consideration by the Department at the time said VEP is submitted, or if such VEP is based upon or similar to Standard Specifications, Special Provisions, or Standard Plans adopted by the Department after the advertisement of the Contract, the Engineer will not accept such proposal and the Department reserves the right to make such changes without compensation to the Contractor under the provisions of this Section.

Proposed changes in the basic design of a pavement type (e.g., rigid to flexible or vice versa) or pavement thickness will not be considered as an acceptable VEP. Proposed changes to base/subbase courses may be considered as an acceptable VEP. If design alternates are shown in the plans, the Department will not consider a VEP substituting a design alternate on which the Contractor could have bid for one on which the Contractor has bid. The Department reserves the right to reject any VEP submitted requiring additional Right-of-Way.

### **C. Submission**

Value Engineering Proposals submitted by the Contractor will be processed as expeditiously as possible; however, the Department will not be liable for any delay in acting upon proposals submitted. The Contractor may withdraw, wholly or in part, any VEP not accepted by the Department within the time specified in [Subsection 104.08.B.5](#).

### **D. Acceptance**

The decision of the Engineer as to the acceptance or rejection of a VEP shall be final and shall not be subject to the provisions of [Subsection 105.13](#), "Claims for Adjustments and Disputes."

The Engineer may accept, in whole or in part, before work has been completed, any VEP submitted pursuant to this Subsection and not withdrawn by the Contractor by giving the Contractor written notice thereof reciting acceptance under this Subsection.

### **E. Notification**

The Contractor will be notified in writing of the Department's decision or rejection of each VEP submitted under these provisions. If a proposal is accepted, the necessary Contract modifications will be affected by execution of a Supplemental Agreement. Unless and until a VEP is affected by such Supplemental Agreement, the Contractor shall remain obligated to perform The Work in accordance with the terms of the existing Contract.

Supplemental Agreements made as a result of this Subsection will state that they are made pursuant to it.

### **F. Sharing**

In the event a VEP submitted by the Contractor under this Subsection is accepted, the Supplemental Agreement effecting the necessary modifications will establish the net savings agreed upon and will provide for an adjustment in Contract Prices that will divide the net savings between the Contractor and the Department in accordance with the following provisions:

1. Division of net savings in Contract Price Adjustment:
  - 50 percent of the net savings to the Contractor.
  - 50 percent of the net savings to the Department.
2. The Department reserves the right to include in the agreement any conditions it deems appropriate for consideration, approval, and implementation of the VEP. The Contractor's 50 percent of the net savings shall constitute the full compensation for effecting all changes pursuant to the agreement.

Development costs incurred by the Contractor and review costs incurred by the Department shall not be considered in computing the net savings of the VEP.
3. Restrictions and Disclosures: Upon acceptance and implementation of any VEP, any restrictions imposed by the Contractor on its use or disclosure of the information submitted shall be void.

The Department shall thereafter have the right to use, duplicate, and disclose, in whole or in any part, all data necessary in the utilization of the proposal.